

News and Information

from the Tennessee Division of Consumer Affairs

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MCI TO CHANGE BILLING PRACTICES AND PAY STATES \$1.3 MILLION

MCI WORLDCOM Communications, Inc (MCI) has agreed to change certain billing practices and to pay \$1.32 million to Tennessee and 23 other states as part of a settlement reached by the company and those states. The settlement documents filed by Tennessee Attorney General Paul Summers on behalf of the Tennessee Division of Consumer Affairs have been approved by the Davidson County Chancery Court.

MCI provides a broad range of communications services, including long distance telecommunications. Starting in January 1998, MCI initiated and billed its customers a new self-described charge called a "National Access Fee." On many MCI customers' bills, the "National Access Fee" is placed in the "Taxes and Surcharge" portion of the bill.

When consumers saw the National Access Fee on their bill and called MCI about it, they were often told by MCI customer service representatives that the fee was a tax or a charge which the FCC was requiring MCI to collect.

The National Access Fee is not a tax or other government mandated charge. The FCC has not required MCI to collect this charge from consumers.

"It is misleading for a company to label a private company's fee as a tax by the government," Tennessee Attorney General Paul G. Summers said today. "This access fee is not a tax."

"Competition works only when consumers are given all the correct information they need to make informed buying decisions. Inaccurate information is particularly a problem when consumers attempt to compare long distance rates among carriers."

Mark Williams, director of the Tennessee Division of Consumer Affairs said, "In this day and age, consumers must be vigilant about reviewing every charge on all bills especially phone bills. Consumers have a right to know exactly what charges are assessed and that those charges are correct."

While denying wrongdoing, MCI has agreed with the States, among other things, that it will not:

- Place its "National Access Fee" charge in the taxes and surcharge portion of its customers' telephone bill;
- Use the term "National Access Fee" or other like term which has the capacity, tendency, or effect of misleading the consumer that the charge in question is a tax or other government mandated charge;
- Represent that its "National Access Fee" or any like fee or charge is authorized or required by the

- FCC or any other governmental agency, if it is not; and
- Represent to customers that MCI is required by the FCC or any other governmental agency to collect this charge, if it is not.

In addition to the above injunctive provisions, MCI has also agreed to pay each of the settling States \$55,000. The money will go to cover attorneys' fees, costs of the investigation and consumer education.

The 23 other states joining Idaho in the settlement are: Arizona, Arkansas, California, Colorado, Connecticut, Florida, Idaho, Iowa, Kansas, Maryland, Missouri, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Texas, Vermont, and Wisconsin.

The Attorney General appreciates MCI WORLDCOM's cooperation in settling these issues.